

NOTICE OF PUBLIC HEARING

IN THE MATTER OF THE APPLICATION OF HAWAIIAN ELECTRIC COMPANY, INC.
FOR APPROVAL OF RATE INCREASES AND REVISED RATE
SCHEDULES AND RULES

DOCKET NO. 2008-0083

NOTICE IS HEREBY GIVEN that pursuant to chapters 91 and 269, Hawaii Revised Statutes, the STATE OF HAWAII, PUBLIC UTILITIES COMMISSION ("Commission") will hold a public hearing relating to the application of HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), filed on July 3, 2008, for approval of general rate increases and revised rate schedules and rules ("Application"). The public hearing will be held as follows:

Date: Thursday, September 18, 2008
Time: 6:00 p.m.
Location: Public Utilities Commission Hearing Room (Room B-3)
465 South King Street
Honolulu, HI 96813

HECO is a franchised public utility engaged in the production, purchase, transmission, distribution, and sale of electricity on the Island of Oahu. HECO seeks Commission approval of a general rate increase of approximately \$97,011,000, or 5.2%, over revenues at current effective rates. Revenues at current effective rates include revenues from the interim rate increase approved by the Commission on June 20, 2008 in its Order Granting HECO's Motion to Adjust Interim Increase Filed on May 21, 2008 in HECO's 2007 test year rate case (Docket No. 2006-0386). If revenues from the interim rate increase are excluded, the requested relief over revenues at present rates is estimated to be \$174,348,000. The requested increase is based on estimated total revenue requirements of \$1,964,401,000 for the normalized 2009 test year, based on

April 2008 fuel oil and purchased energy prices, and an 8.81% rate of return on HECO's rate base, including the full cost of the Campbell Industrial Park ("CIP") Combustion Turbine Unit 1 ("CT-1").

HECO states that it filed this request for a general rate increase due to investment in additional plant and equipment, additional operating and maintenance costs to maintain HECO's system, and increasing costs for labor (including wage increases pursuant to HECO's bargaining unit contract), materials, contract services, depreciation, and other operating expenses. Without further rate relief in this proceeding, HECO estimates that its rate of return on its average rate base (including the full cost of CIP CT-1) at current effective rates will be 4.97% for the normalized 2009 test year, as compared to the 8.66% rate of return that the Commission authorized in Docket No. 04-0113 for test year 2005. In addition, HECO estimates that, if revenues from the interim increase in Docket No. 2006-0386 are not considered, HECO's rate of return on its average rate base (including the full cost of CIP CT-1) will be 1.92% for the normalized 2009 test year.

HECO requests a revenue increase in three steps to more closely match cost recovery with cost incurrence:

	<u>Step Increase</u>	<u>Amount (In \$000s)</u>	<u>Effective Date</u>
1.	Interim Increase	\$73,064	On or before May 3, 2009
2.	CIP CT-1 Step Increase	\$23,947	At the in-service date of CIP CT-1 (scheduled for July 31, 2009)
3.	Final Increase	Balance	Final Decision and Order issued by the Commission
	Total Rate Increase	\$97,011	

The proposed rate increases over current effective rates (which include the interim rate increase surcharges currently in effect) by rate classes for the 2009 normalized test year, in dollar amounts and by percentage, are as follows:

<u>Rate Class</u>	<u>At Current Effective Rates (In \$000s)</u>	<u>At Proposed With CT-1 Step (In \$000s)</u>	<u>PROPOSED INCREASE</u>	
			<u>Amount (In \$000s)</u>	<u>Percent (%)</u>
Schedule R	\$560,823.9	\$590,002.7	\$29,178.8	5.20%
Schedule G	\$111,272.7	\$117,062.0	\$5,789.3	5.20%
Schedule J	\$509,769.6	\$536,291.9	\$26,522.3	5.20%
Schedule P	\$413,746.2	\$435,272.6	\$21,526.4	5.20%
Schedule DS	\$257,153.5	\$270,532.7	\$13,379.2	5.20%
Schedule F	<u>\$9,521.7</u>	<u>\$10,017.1</u>	<u>\$495.4</u>	<u>5.20%</u>
Total Sales Revenues	\$1,862,287.6	\$1,959,179.0	\$96,891.4	5.20%
Other Operating Revenues	<u>\$5,102.0</u>	<u>\$5,222.0</u>	<u>\$120.0</u>	<u>2.35%</u>
Total Revenues	<u>\$1,867,389.6</u>	<u>\$1,964,401.0</u>	<u>\$97,011.4</u>	<u>5.20%</u>

The proposed rate increases over present rates (which exclude the interim rate increase surcharges) by rate classes for the normalized 2009 test year, in dollar amounts and by percentage, are as follows:

<u>Rate Class</u>	<u>At Current Effective Rates</u> <u>(In \$000s)</u>	<u>At Proposed With CT-1 Step</u> <u>(In \$000s)</u>	<u>PROPOSED INCREASE</u>	
			<u>Amount</u> <u>(In \$000s)</u>	<u>Percent</u> <u>(%)</u>
Schedule R	\$533,570.9	\$590,002.7	\$56,431.8	10.58%
Schedule G	\$105,816.6	\$117,062.0	\$11,245.4	10.63%
Schedule J	\$489,618.6	\$536,291.9	\$46,673.3	9.53%
Schedule P	\$393,959.3	\$435,272.6	\$41,313.3	10.49%
Schedule DS	\$252,991.2	\$270,532.7	\$17,541.5	6.93%
Schedule F	<u>\$9,062.3</u>	<u>\$10,017.1</u>	<u>\$954.8</u>	<u>10.54%</u>
Total Sales Revenues	\$1,785,018.9	\$1,959,179.0	\$174,160.1	9.76%
Other Operating Revenues	<u>\$5,034.0</u>	<u>\$5,222.0</u>	<u>\$188.0</u>	<u>3.73%</u>
Total Revenues	<u>\$1,790,052.9</u>	<u>\$1,964,401.0</u>	<u>\$174,348.1</u>	<u>9.74%</u>

The proposed increases reflect the average proposed increase for each schedule of service. The increase experienced by a particular customer will depend on the customer's schedule of service, and other factors, such as the customer's energy use and the customer's billing demand (where applicable).

The Commission will determine whether the proposed revenue increase, changes in rate schedules and rules, and other matters requested or proposed by HECO, are just and reasonable. The Commission will hold an evidentiary hearing sometime after the conclusion of the public hearing unless HECO and the applicable parties in this docket, at their option and upon the Commission's approval, waive the

evidentiary hearing. The total revenue increase for the 2009 test year will not exceed the \$174,348,000 over revenues at present rates requested in the Application, but the rates and charges to be finally approved by the Commission after its investigation may be higher or lower than the proposed rates and charges for the various rate schedules of service.

All interested persons are urged to attend the public hearing to state their views, orally, in writing, or both. Written statements may be submitted prior to or at the public hearing. Statements may be mailed to the Public Utilities Commission, 465 South King Street, Room 103, Honolulu, Hawaii, 96813. Statements may also be sent by electronic mail to the Commission's e-mail address at Hawaii.PUC@hawaii.gov.

Motions to Intervene or Participate in this proceeding shall comply with Subchapter 4, Rules of Practice and Procedure before the Public Utilities Commission, Hawaii Administrative Rules, Title 6, Chapter 61. A motion to intervene or participate in this proceeding shall be filed with the Commission by September 29, 2008.

Copies of the Application and supporting documents are available for public inspection during regular business hours at the following locations:

PUBLIC UTILITIES COMMISSION
465 South King Street, #103
Honolulu, HI 96813
Phone: (808) 586-2020

**DEPARTMENT OF COMMERCE
AND CONSUMER AFFAIRS
DIVISION OF CONSUMER ADVOCACY**
335 Merchant Street, #326
Honolulu, HI 96813
Phone: (808) 586-2800

HAWAIIAN ELECTRIC COMPANY, INC.
Customer Service Desk
820 Ward Avenue
Honolulu, HI 96814

HAWAIIAN ELECTRIC COMPANY, INC.
900 Richards Street
Honolulu, HI 96813
Phone: (808) 543-5670

Special accommodations for persons with disabilities can be made if requested reasonably in advance by contacting the Commission's Honolulu office.



Carlito P. Caliboso
Chairman

Honolulu Star-Bulletin
The Maui News
The Garden Island
Hawaii Tribune-Herald
West Hawaii Today
August 28 & September 4, 11 and 16, 2008